



STATE OF MICHIGAN
DEPARTMENT OF EDUCATION
LANSING

RICK SNYDER
GOVERNOR

MICHAEL P. FLANAGAN
SUPERINTENDENT OF
PUBLIC INSTRUCTION

September 1, 2011

MEMORANDUM

TO: Local and Intermediate School District Superintendents
Public School Academy Directors

FROM: Carol Wolenberg, Deputy Superintendent *Carol*

SUBJECT: Best Practices Incentive – Policy Holder Clarification

The purpose of this communication is to clarify that the Department has not approved MESSA's Employer Participation Agreement that states the agreement would comply with the "best practice" provision regarding policy holder under Section 22f(1)(b) of the State School Aid Act, MCL 388.1622f(1)(b).

MESSA requested that the Department review its Employer Participation Agreement for Welfare Benefit Programs to provide an opinion as to whether it complies with Section 22f(1)(b) of the State School Aid Act requirements for Best Practices Incentive Grants. The request specifically asked whether the draft agreement satisfies the requirement that the school district is the "policyholder" for each of its insurance policies that covers one or more health care services benefit.

MESSA was advised that because the question requires a legal opinion, the Department is unable to provide legal advice on this issue, nor can it give any approvals as to the form or content of the proposed agreement. The Department further recommended that MESSA seek legal advice from a private attorney.

The Department's guidance is intended to provide a school district with the process it must follow and the requirements it must meet in order to be eligible to receive funds under Section 22f of the State School Aid Act, MCL 388.1622f(1). The guidance provides that the school board must certify that it is the policy holder on all of the health care benefits it covers on behalf of employees. The guidance is available at http://www.michigan.gov/documents/mde/Best_Practice_Guidance_357138_7.pdf. I would anticipate that the school district would consult with its legal counsel about this issue before it certifies that it is a policy holder. While not necessarily implicated for the "best practices" provision, districts should also be mindful of the new provisions in 2011 PA 93, MCL 124.85 and 2011 PA 95, MCL 380.1255a when reviewing any contract for a medical benefit plan.

If you have questions, please contact Glenda Rader at raderg@michigan.gov.

cc: Michigan Education Alliance

STATE BOARD OF EDUCATION

JOHN C. AUSTIN – PRESIDENT • CASANDRA E. ULBRICH – VICE PRESIDENT
NANCY DANHOF – SECRETARY • MARIANNE YARED MCGUIRE – TREASURER
RICHARD ZEILE – NASBE DELEGATE • KATHLEEN N. STRAUS
DANIEL VARNER • EILEEN LAPPIN WEISER

608 WEST ALLEGAN STREET • P.O. BOX 30008 • LANSING, MICHIGAN 48909
www.michigan.gov/mde • (517) 373-3324